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Senior Vice President
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July 11, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20054

Dear Chairman Hundt:

Re: MM Docket No. 87-268

Universal City Studios generally supports the ATSC standard in FCC rules and regulations, but takes exception to that standard in so far as it exclusively adopts the AC-3 audio coding system. We believe this places an unnecessary ceiling on innovation and competition aimed at providing the public with superior, transparent, and cost effective audio performance. Specifically, the DTS audio coding system has recently been shown to exceed the capability of AC-3 to accurately deliver reproduction of 5.1 channel sound now common place in our theatrical motion pictures. At bit rates between 320 and 384 Kbps, DTS conveys without compromise, the aural experience produced in our dubbing rooms where sound is crafted under supervision of filmmakers for feature motion pictures. Furthermore, we believe this can be achieved by DTS within the MPEG2 transport layer by utilizing the headers/descriptor in that tool box. It should be pointed out that the digital signal processor offered by Motorola for consumer appearances is capable of decoding DTS as well as AC-3. Furthermore, DTS can operate at even higher bit rates to opening the way to bring future advances to consumers such as eight channel sound.

In image quality, the ATSC provides room for future technology to improve image rendition by inclusion of 60Hz progressive in the family of compression formats. We believe the standard adapted must allow for a similar upward migration path for sound toward improving the aural experience to complement and enhance the magnificent entertainment experience of DTV.

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With regard to other aspects of the ATSC standard, Universal City Studios believes that by incorporating the ATSC standard in its rules, the FCC will lay the foundation for enhancing the position of U.S. program producers in the international marketplace. Only in the United States has so much thought, innovation and testing been done to produce the best possible DTV system for migrating over time to high quality digital distribution/broadcasting. Adoption of the standard will encourage service providers and consumer electronics to make the investment necessary to quickly bring advanced television to consumers in an orderly way free of uncertainty and confusion. This unified profile in the international arena, we believe, can create the critical mass necessary to attract other countries to adopt digital TV standards compatible with the ATSC standard, thereby facilitating international program interchange. It is to be noted that recently the ATSC has instructed its distribution technology committee to begin work on adding a 50Hz member to the present family of compression formats to further support international program exchanges. This objective will be further strengthened if alternate sound coding systems are allowed. The fact that DAVIC, an international standards body, has adopted the ATSC standard indicates that this excellent technology is beginning to impact the international scene.

On the matter of aspect ratio, interoperability and progressive vs. interlace, we totally support the position taken in comments filed by MPAA.

Respectfully submitted.

UNIVERSAL CITY STUDIOS, INC.

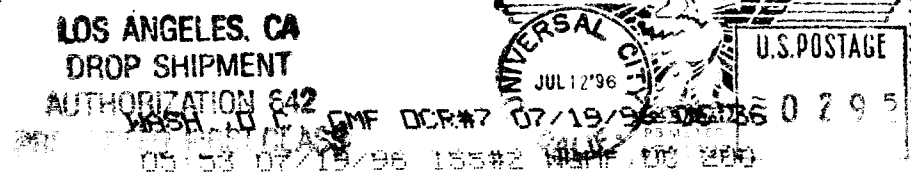


Daniel E. Slusser
Sr. VP & General Manager

DS/dt

cc: Commissioner James Quello
Commissioner Susan Ness
Commissioner Rachelle Chong

D.E. Slusser 920-03



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